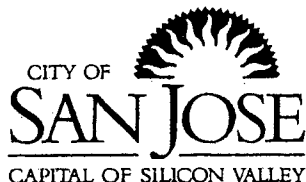


SUPPLEMENTAL

COUNCIL AGENDA: 8/31/04
ITEM: 2.6



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Larry D. Lisenbee

SUBJECT: EMERGENCY COMMUNICATION SYSTEM SUPPORT FEE QUESTIONS
DATE: August 31, 2004

Approved

Date 8/31/04

SUPPLEMENTAL

Councilmember David Cortese has requested that staff provide additional information regarding the Emergency Communication System Support Fee.

Question: How many actual businesses [exact or estimated] fall within the \$20K cap range and what is the total amount generated?

Answer: In order to reach the \$20,000 cap, a business would need to have approximately 952 or more phone lines (landlines and/or wireless, as single lines or configured in trunk lines) at any one location. In order to estimate the number of businesses that might reach that cap, it is necessary to estimate the number of phone lines businesses of different sizes would maintain. We are not aware of any reliable information source concerning this issue, and thus a survey was conducted in the last week, and is discussed in more detail in a memorandum from Scott Johnson, Finance Director, dated August 30, 2004, and released as additional supplement information for this agenda item. This survey found that there was an average of approximately 0.68 lines per employee in the businesses surveyed. Utilizing this average, it would require a business at any one location to employ approximately 1,360 or more employees to approach the \$20,000 cap. There are only 14 businesses currently in the City of San José that would qualify as being of that size. It should be emphasized, however, that businesses will vary widely in the number of phone lines and/or cell phones utilized, and correspondingly the average phones per employee could also vary widely from this approximated average.

Question: Please provide a spreadsheet showing the tiers/ranges of the businesses to be charged the proposed fees [\$1-5K, \$5-10K, \$10-15K, \$15-20K].

Answer: As noted in the memo from the Finance Department, businesses in San Jose with 35 or fewer employees would fall within a range in which they would be charged approximately \$43 to \$112 per year with this new fee. Assuming an average of 0.68 phone lines per employee, as

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noted in the same memo, the average number of businesses that would fall in the ranges mentioned above would be as follows:

Range	Number of Businesses
\$1,000-5,000	461
\$5,000-10,000	36
\$10,000-15,000	13
\$15,000-20,000	17

Question: Please provide the breakdown of usage of 911 if measurable [business, residential, cellular]

Answer: A survey in February 2004 through March 2004, utilizing information provided by the State, indicated the following regarding calls into the 911 system:

Type	Percentage
Residential	62.25%
Business	25.63
Cellular	0*
Other	12.12

* Wireless is currently routed through the CHP

Question: What would be the ramifications of deferring action until mid-year, and what actions/work would need to be done prior in order to prepare for implementation.

Answer: A significant number of steps are necessary to implement both the new fee, and the accompanying switch over of 911 cell phone calls to the City. This involves working with the various providers of telephone services, providing notices to customers, and working with the State to transfer responsibility for cellular 911 calls. We had estimated this lead time at approximately 4 months, hence the estimate for the proceeds of the fee beginning to flow approximately January 1. Should a decision involving this issue be delayed until mid-year (which is not heard by Council typically until mid-February), this would effectively result in no funds being received this fiscal year. This would leave us \$9.4 million short of re-balancing the State budget problem. We have re-attached the approved State Budget Reduction Contingency Plan. If the fee is not approved and the items lower down the Plan were to be used to balance the \$9.4 million gap that would result, it would require approval of reductions #3 through #30.

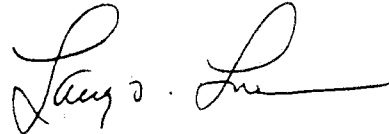
HONORABLE MAYOR AND COUNCIL

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In addition, in the face of a loss of dedicated funding for emergency communications, and in light of the City's current economic challenges, the administration would recommend that the wireless E9-1-1 conversion project be delayed until adequate on-going funding can be identified.

A handwritten signature in black ink, appearing to read "Larry D. Lisenbee". The signature is fluid and cursive, with a large initial "L" and a long horizontal stroke at the end.

LARRY D. LISENBEE
Budget Director

Attachment I

State Budget Reduction Contingency Plan

Recommended Ranking	Title	Amount	Cumulative
1	Additional savings in Mayor's message	\$2,000,000	\$2,000,000
2	Emergency Response Fee	\$9,500,000	\$11,500,000
3	Fleet Management Program	\$127,000	\$11,627,000
4	Fire Training	\$100,000	\$11,727,000
5	Street light Supplies	\$35,000	\$11,762,000
6	Facilities Management Program	\$254,000	\$12,016,000
7	Health and Safety Program Staffing	\$51,000	\$12,067,000
8	Street Light Operations	\$90,000	\$12,157,000
9	Financial Reporting Staffing	\$132,000	\$12,289,000
10	Transit Mall Cleaning and Services	\$90,000	\$12,379,000
11	Community Based Organization Funding	\$74,000	\$12,453,000
12	Technology Support	\$277,000	\$12,730,000
13	Long Range Planning	\$104,000	\$12,834,000
14	HIT consolidation	\$444,000	\$13,278,000
15	Police Administrative Sworn Staffing	\$262,000	\$13,540,000
16	Fire Department Support Services Consolidation	\$105,000	\$13,645,000
17	Public Safety Communications staffing	\$824,000	\$14,469,000
18	Senior Special Events Programs	\$66,000	\$14,535,000
19	Mayor Council and Council Appointees	\$477,000	\$15,012,000
20	Police and Fire Recruit Academies	\$782,000	\$15,794,000
21	Regional Parks Reduced Operations	\$227,000	\$16,021,000
22	Safe Schools Campus Initiative Efficiencies	\$100,000	\$16,121,000
23	Police Traffic Enforcement Sworn Staffing	\$987,000	\$17,108,000
24	Future Teacher Loan program	\$100,000	\$17,208,000
25	Anti Graffiti Program	\$93,000	\$17,303,000
26	Fire Emergency Response Engine Company	\$1,178,000	\$18,479,000
27	School Crossing Guard 50% reduction	\$600,000	\$19,079,000
28	Library Branch Hours Elimination	\$1,295,000	\$20,374,000
29	Domestic Violence After Care Services	\$53,000	\$20,427,000
30	Clean Slate and Striving Toward Achievement	\$483,000	\$20,910,000
31	School Crossing Guard elimination	\$716,000	\$21,626,000
32	Police Investigations Sworn Staffing	\$1,506,000	\$23,132,000
33	Police Special Operations Sworn Staffing	\$3,554,000	\$26,686,000
34	Police Team Sworn Staffing	\$4,278,000	\$30,964,000